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ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM

DATE: January 15, 2013

TO: Organizations interested in participating in the CMS Capitated Financial Alignment Demonstration as a Arizona Medicare-Medicaid Plan

FROM: Kari Price, Assistant Director, Division of Health Care Management

SUBJECT: AHCCCS Demonstration for Medicare-Medicaid Enrollees

This memo provides interested organizations with an update on the progress AHCCCS and CMS have made to implement the Financial Alignment Demonstration “Demonstration” to improve care for AHCCCS beneficiaries that also have Medicare. This memo is pertinent to organizations anticipating participation as a Medicare-Medicaid Plan (MMP): current ALTCS Contractors, organizations that have submitted offers for the Maricopa RBHA contract, and organizations intending to submit proposals for the AHCCCS Acute Care contracts. The state plan selection process for the Demonstration is outlined in a [December 18, 2012 memo](#). Questions and comments can be directed to Katrina Cope: (602) 417-4173 or Katrina.Cope@azahcccs.gov. Past information and CMS guidance can be found on the [AHCCCS Integration Duals webpage](#).

At this time AHCCCS continues to work with CMS in implementing the Demonstration, but without a finalized Memorandum of Understanding (MOU) or rates, organizations are still required to anticipate participation as a Medicare Advantage Dual Eligible Special Needs Plan (D-SNP) if the Demonstration does not move forward. **All organizations are required to submit a MMP and D-SNP Application to CMS by February 21, 2013 8 p.m. ET and meet all other CMS requirements.** The State understands the difficulty in the uncertainty of this project and appreciates organizations continuing to move forward down dual tracks for the 2014 Medicare contract year. AHCCCS will notify organizations no later than April 2013 with a final decision as to whether it is in the best interest of members and the State to pursue the Demonstration or pursue integration through the D-SNP model. AHCCCS and CMS continue to work toward having a signed MOU and finalized rates to MMPs by April. An updated timeline can be found at the end of the document in Appendix 1.

A. Enrollment

The following are updates specific to enrollment in the Demonstration. After further discussions with CMS the following differ from what AHCCCS requested in its proposal submitted to CMS May 2012.

1. AHCCCS continues to pursue a January 1, 2014 implementation date for all eligible beneficiaries. It is critical that MMPs have the capacity to accept an influx of enrollment and adequately assess and develop care plans for enrollees. AHCCCS and CMS will continue to evaluate MMP readiness and may pursue a phase-in enrollment process. If a phase-in enrollment approach is taken, all members enrolled in Medicare Advantage plans will be the first phase on January 1st to avoid any gaps in care. Beneficiaries

coming from Medicare FFS would be part of the second phase of passive enrollment in a subsequent month(s) of early 2014.

2. Prior to implementation, beneficiaries will be assigned to a plan during passive enrollment based on previous managed care experience. ALTCS members will be passively enrolled into their current ALTCS plan for Medicare and Acute members will be enrolled with their current Medicare plan when possible and when not, with their current Medicaid plan for both Medicare and Medicaid. This process ensures beneficiaries are assigned to a plan that meets their current provider and service needs. Beneficiaries will then have no less than 60 days after member notification to select a different Demonstration plan (where available), opt out to Medicare FFS and remain enrolled in their AHCCCS plan, or opt out to a Medicare Advantage plan and remain enrolled in their AHCCCS plan.
3. Ongoing enrollment after the initial passive enrollment period will be based on AHCCCS plan enrollment and Demonstration enrollment will be effective no less than 60 days after member notification. During the period before enrollment begins, enrollees will be able to select a different Demonstration plan (where available), opt out to Medicare FFS and remain enrolled in their AHCCCS plan, or opt out to a Medicare Advantage plan and remain enrolled in their AHCCCS plan. All enrollments will be prospective on the first of the month following the enrollment choice period.
4. Beneficiaries will have a monthly choice to change Demonstration plans (when available) or opt-out to Medicare FFS or a Medicare Advantage plan and continue to receive their Medicaid benefits from their AHCCCS plan.

This is the AHCCCS current understanding of enrollment and all details are subject to change until the MOU and three-way contracts are finalized.

B. CMS Medicare-Medicaid Plan Application

The following information is Arizona specific related to the guidance *2014 Capitated Financial Alignment Demonstration Timeline* released by CMS on January 9, 2013 through HPMS. CMS will be hosting an informational webinar on the application process for interested organizations on Thursday January 17th and a call on Friday January 18th for organizations to obtain additional information and ask questions. Details about these calls are included in the CMS guidance. AHCCCS encourages all organizations to participate in these calls. All interested organizations are required to submit a MMP Application to CMS no later than February 21, 2013 8 p.m. ET.

1. Model of Care (MOC)
 - i. All interested organizations are required to submit a Model of Care. Organizations that have a previously approved SNP MOC are still required to submit a Model of Care with their Demonstration Application.
 - ii. AHCCCS will not be adding any state specific requirements to the Model of Care.
2. Network Adequacy
 - i. As detailed further in the CMS guidance, MMPs will not be required to upload executed provider contracts with the MMP Application.

- ii. MMPs will be submitting intended medical/facility network. A column is included in the HSD tables to indicate if the medical provider/facility is already contracted with your organization to participate in its Medicare line of business.
- iii. MMPs are required to submit contract templates. Additional information can be found in *APPENDIX XII -- CMS Medical Provider Contract Template Matrix* of the 2014 Medicare-Medicaid Plan Application.
- iv. Executed medical provider/facility contracts will be required for upload during readiness reviews after rates have been finalized.

3. State Licensure

- i. MMPs and SNPs must meet state licensure rules.
- ii. Organizations can obtain licensure through the Arizona Department of Insurance (ADOI) by filing a Health Care Service Organization (HCSO) application.
- iii. Per regulation AHCCCS has the authority to certify its Contractors for Medicare purposes in lieu of ADOI licensure.
- iv. AHCCCS does not have the authority to certify the Maricopa RBHA as that Medicaid contract will be with the Arizona Department of Health Services/Department of Behavioral Health Services. Entities that have submitted proposals for the Maricopa RBHA contract cannot receive certification through AHCCCS and must obtain licensure through ADOI. **Organizations are strongly encouraged to submit applications and all required paperwork to ADOI as soon as possible to meet the CMS deadline.** Additional information is located in the Maricopa RBHA Request For Proposal located at <https://procure.az.gov>.
- v. Organizations bidding on the Acute RFP that decide to apply for certification from AHCCCS instead of ADOI should refer to the AHCCCS Contractor Operations Manual (ACOM) Policy 313 for required information. **Requests should be submitted with the CMS State Certification Forms** (found in the Medicare applications) **as soon as possible to allow AHCCCS adequate review time.** Requests can be submitted electronically or in person to Katrina Cope.

Note: Applications should be submitted by the legal entity that holds the state license/certification. This will be the legal entity with which CMS and the State enter into a three-way contract. Organizations that have not submitted a Notice of Intent to Apply (NOIA) to CMS under the correct entity name should contact Marla Rothhouse at marla.rothouse@cms.hhs.gov.

C. Medicare-Medicaid Plan Integrated Formulary

MMPs will be required to upload an integrated formulary with all Part D and AHCCCS covered drugs. The Part D portion of the formulary should be uploaded to HPMS no later than May 31, 2013. The AHCCCS covered drugs are required to be uploaded to CMS no later than June 7, 2013. In future guidance, AHCCCS will provide the NDC or UPC codes required for upload.

D. Medicare-Medicaid Plan Benefit Package

MMPs will be required to upload a complete benefit package which includes all Medicare, Medicaid, and Medicare supplemental benefits covered no later than June 3, 2013. AHCCCS and CMS will provide additional details in the upcoming months.

E. D-SNP Application

The 2014 D-SNP Application instructions document was released by CMS on January 10, 2013 and is available on the CMS website <http://cms.gov/Medicare/Medicare-Advantage/MedicareAdvantageApps/index.html>. Applicants should review the application closely and contact CMS with questions specific to the application. Organizations will be able to enroll beneficiaries in their D-SNP in counties and for population(s) they hold a Medicaid contract. As a result, the D-SNP Application should match the current or anticipated Medicaid contract(s). All D-SNPs, including current plans, should evaluate their application category to verify it meets the following requirements:

1. Application counties should match the current or anticipated Medicaid contract counties.
2. Dual Eligible Subset should be selected.
3. Multiple Plan Benefit Packages may be required for multiple Medicaid populations (Acute, ALTCS E/PD, ALTCS DD, Members with SMI in Maricopa County).
4. Non-zero cost share should be selected unless the plan offers cost sharing for non-QMBs as part of its benefit package. See ACOM policy 201 for cost sharing responsibility.
5. Only full benefit duals are eligible for enrollment: QMB+, SLMB+, and Other full benefit dual eligible also known as "Medicaid-only".
6. Please include Katrina Cope as the State Medicaid Agency contact on your application.
7. The State Medicaid Agency Contract will be available prior to July 1, 2013.

The State Licensure information in section B.(3) also applies to the D-SNP Applications.

Note: Applications should be submitted by the legal entity that holds the state license/certification.

Appendix 1: 2014 Arizona Capitated Financial Alignment Demonstration/D-SNP Timelines

Timeframe	Key Activities/Milestones	Responsible Parties
Winter 2013	MOU Negotiations Rate Discussions	CMS/State
January 8, 2013	Maricopa RBHA Proposals Due	Health Plans
January 28, 2013	Acute Proposals Due	Health Plans
February 21, 2013	Medicare-Medicaid Demonstration Plan Applications Due D-SNP Applications Due	Health Plans
(no later than) March 22, 2013	Acute Contracts Awarded	State
March 2013	Maricopa RBHA Contract Awarded	State
March/April 2013	Finalized Demonstration MOU and MMP Rates	CMS/State
April 2013	AHCCCS Notifies Plans of Demonstration Decision	State
April 2013	If Demonstration, AHCCCS releases information for formulary and benefit package submission to MMPs	State
April 2013	Medicaid Readiness Review/Transition Begins	State/ Health Plans
May 2013	Medication Therapy Management Program due to CMS	Health Plans
May 31, 2013	Part D Formulary Submission to CMS D-SNP and MMP	Health Plans
June 3, 2013	Demonstration Benefit Packages Due or D-SNP Bid Due	Health Plans
Summer 2013	If Demonstration, Medicare readiness review	
September 2013	3-Way Contracts Signed	CMS/State/ Health Plans
October 1, 2013	Acute and Maricopa RBHA Contracts Effective	State/ Health Plans
October 2013	Letters mailed to Dual Eligible Members notifying of future enrollment (Demonstration only) or D-SNP marketing begins	State
January 1, 2014	Implementation of Demonstration or D-SNP contracts	CMS/State/ Health Plans